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BEFORE THE ARIZONA CORPORATION COMMISSION

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JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

2005 JUL 13 P 1:45

AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION  
OF JOHNSON UTILITIES COMPANY FOR  
AN EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR WATER AND  
WASTEWATER SERVICE.

DOCKET NO. WS-02987A-04-0288

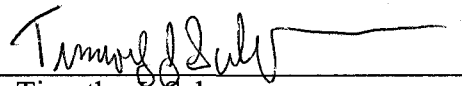
STAFF'S NOTICE OF FILING  
DIRECT TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission hereby files the  
Direct Testimony of Staff John A. Chelus in the above-referenced matter.

RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of July, 2005.

UTILITIES DIVISION

By:

  
Timothy J. Sabo  
Attorney, Legal Division  
Arizona Corporation Commission

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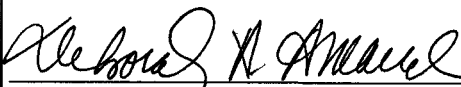
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15 Timothy J. Sabo

DIRECT TESTIMONY

OF

JOHN A. CHELUS

UTILITIES ENGINEER

UTILITIES DIVISION

JULY 13, 2005

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**SUMMARY OF DIRECT TESTIMONY  
OF JOHN A. CHELUS  
JOHNSON UTILITIES COMPANY, L.L.C.  
DOCKET NO. WS-02987A-04-0288**

**CONCLUSIONS**

1. Based on the demand requirements used in Staff's April 13, 2005 Amendment to the Staff Report, the updated customer count provided by the Company on July 1, 2005 and assuming an average growth rate of 500 customers per month, Staff estimates there will be enough well capacity to provide for an annual peak day demand of 521 gallons per/day/service through December 2005 and an average daily demand during the peak month of 417 gallons/day/service through June 2006 when using the 5,082 gallon per minute capacity provided by Johnson Utilities.
2. In addition, the Company has previously submitted copies of applications for the Crestfield Wells No. 1 and 2 which were submitted to ADEQ on May 26, 2005. Each well is expected to produce 1,000 gallons per minute. Therefore, Staff concludes that the existing system has adequate production and storage capacity.

**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is John A. Chelus. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

**Q. By whom and in what position are you employed?**

A. I am employed by the Arizona Corporation Commission ("Commission") as a Utilities Engineer - Water/Wastewater for the Utilities Division

**Q. How long have you been employed by the Commission?**

A. I have been employed by the Commission since September 1990.

**Q. What are your responsibilities as a Utilities Engineer - Water/Wastewater?**

A. I inspect, investigate, and evaluate water and wastewater systems; obtain data, prepare investigative reports; suggest corrective action and provide technical recommendations on water and wastewater system deficiencies; and provide written and oral testimony on rate and other cases before the Commission.

**Q. How many companies have you analyzed for the Utilities Division?**

A. I have analyzed approximately 150 companies in various capacities for the Utilities Division.

**Q. Have you previously testified before this Commission?**

A. Yes, I have.

**Q. What is your educational background?**

A. I graduated from the Rochester Institute of Technology in 1976 with a Bachelors Degree in Civil Engineering and from Oklahoma State University in 1978 with a Masters Degree in Environmental Engineering.

**Q. Briefly describe your pertinent work experience.**

A. I worked for the Dallas Water Utilities as an engineer in the Wastewater Division, and then in the Engineering Design Division from 1978 to 1981. I moved to Grand Junction, Colorado and worked for Multi Mineral Corporation as a research engineer until 1982. After this I worked for Westwater Engineering Consultants as a design engineer. In 1983, I was employed by Sauter

1 Construction as a construction engineer for the construction of the Ute Water Treatment facilities  
2 in Palisade, Colorado. In 1984 and 1985, I was employed by the City of Grand Junction as a  
3 Grade IV wastewater operator at their 12 million gallon per day activated sludge treatment  
4 facility. In 1986, I moved to Phoenix and began working for the Arizona Department of  
5 Environmental Quality ("ADEQ"), Office of Water Quality, as a design review engineer, and then  
6 as a field engineer. I stayed at ADEQ until transferring to the Commission in 1990.

7 **II. PURPOSE OF TESTIMONY**

8 **Q. What was your assignment in this proceeding?**

9 A. My assignment was to provide engineering evaluation of the Johnson Utilities Company  
10 production and storage capacity for Public Water System ("PWS") No. 11-128. Lyndon R.  
11 Hammon, who had assisted in the preparation of the original Staff report, and who had prepared  
12 the amendment to Staff report and who testified in the hearing for this docket has since retired  
13 from state service. I am familiar with the case and therefore will complete the assignment.

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. To present the findings of Staff's engineering evaluations of the well production and  
16 storage data docketed by Johnson Utilities on July 1, 2005 for the Johnson Utilities PWS No. 11-  
17 128.

18 **III. DISCUSSION OF PROCESS FOR ANALYSIS OF WELL AND STORAGE DATA**

19 **Q. Please provide a summary of the events that led to Staff's conclusion about the**  
20 **adequacy of the production and storage capacity for the Johnson Utilities system.**

21 A. 1. On June 27, 2005, pursuant to the June 21, 2005 Procedural Order, Staff filed its  
22 response indicating that it was of the opinion the Company had inadequate water production  
23 capacity to serve the existing and requested expansion area even with the Morning Sun Farm Well  
24 No. 1 in service.

25 2. On June 30, 2005, the Company met with Staff to discuss the well capacity issue.

26 3. On July 1, 2005, the applicant filed a response to Staff's June 27, 2005 response.  
27 This July 1<sup>st</sup> response provided additional information about new wells which have recently been  
28

1 placed in service and adjustments to flows to existing wells which were brought about by pump  
2 replacements and blending. In particular, the San Tan Heights Well No. 2 received an Approval of  
3 Construction from ADEQ on April 18, 2005, for 700 gallons per minute and the Morning Sun  
4 Farm Well No. 1 received an Approval of Construction on June 3, 2005, for 1,100 gallons per  
5 minute.

6 **Q. What did Johnson Utilities report in its July 1, 2005 response for updated well**  
7 **production and customer count on PWS No. 11-128?**

8 A. The Company now reports that the total estimated well production that is currently online  
9 for the PWS No. 11-128 is 5,082 gallons per minute. The Company also reported having 10,833  
10 customers at the end of May, 2005.

11 **IV. CONCLUSIONS**

12 **Q. Is it Staff's opinion that Johnson Utilities now has enough well capacity to properly**  
13 **and adequately serve PWS No. 11-128?**

14 A. Based on the demand requirements used in Staff's April 13, 2005 Amendment to the Staff  
15 Report, the updated customer count provided by the Company on July 1, 2005 and assuming an  
16 average growth rate of 500 customers per month, Staff estimates there will be enough well  
17 capacity to provide for an annual peak day demand of 521 gallons per/day/service through  
18 December 2005 and an average daily demand during the peak month of 417 gallons/day/service  
19 through June 2006 when using the 5,082 gallon per minute capacity provided by Johnson Utilities.  
20 In addition, the Company has previously submitted copies of applications for the Crestfield Wells  
21 No. 1 and 2 which were submitted to ADEQ on May 26, 2005. Each well is expected to produce  
22 1,000 gallons per minute.

23 Staff concludes that the existing system has adequate production and storage capacity.

24 **Q. Does this conclude this portion of your testimony?**

25 A. Yes.

26 ...

27 ...